All Savers®

# All Savers Traditional Alternate Funding

## Small Business Self-Insured Health Plans

UnitedHealthcare®

# For your small business

## Plans that don't break the bank

The **number-one concern** for small business owners is the cost of health care.[1] So, All Savers Traditional Alternate Funding plans were built with your small business in mind. They're intended to help you save money – and help your employees get more out of their plans, too.

Did you know that 60 percent of small business employees spend less than $1,500 a year on health care?[2] It's often for things like ear infections, broken bones or routine checkups. But since those employees don't meet their deductibles, they end up covering most of their medical costs out of their own pocket.

## A different kind of plan

All Savers Alternate Funding is a self-funded health plan designed specifically for small businesses. It includes three parts:

1. Your **self-funded medical plan**, which pays covered medical expenses of your covered employees and their dependents.
2. A **third-party administration agreement** between you and United HealthCare Services, Inc. for claims processing, billing, customer service and other administrative services.
3. A **stop-loss insurance policy** by All Savers Insurance Company. Stop-loss insurance protects the plan from large catastrophic claims by a covered individual, and provides overall protection in the event that all claim payments made under the medical plan exceed a certain dollar limit.

With a self-funded health plan, you'll pay lower premium taxes throughout the year, your plan won't be subject to state mandates and you'll have the chance to get some money back at the end of the year.

Keep reading to learn more about what you and your employees will get with an All Savers Alternate Funding plan.

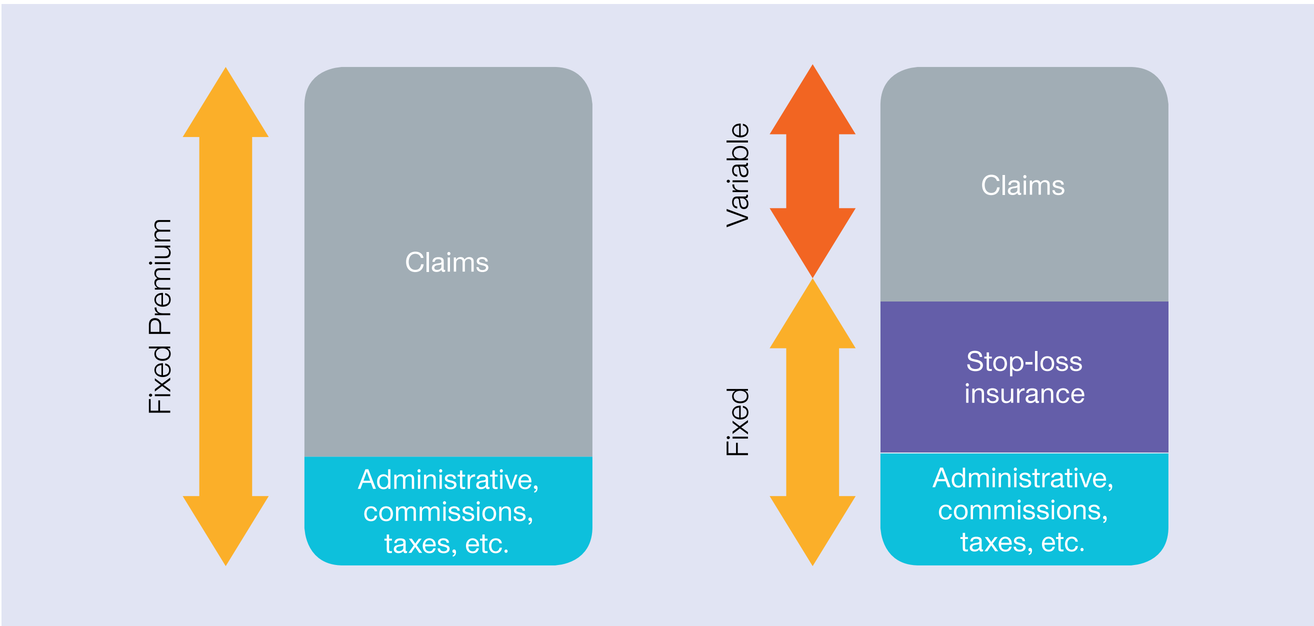
[1]Robert Wood Johnson Foundation, Small Business Research, 2008; National Foundation for Independent Business study, 2012.
[2]Based on a national sample of UnitedHealthcare small business claims data for fully insured plans from March 1, 2010 to February 28, 2011.

# How does alternate funding work?

## Traditional insurance is a fixed cost.

With traditional plans, a small business pays a fixed premium to the insurance company, and then the insurance company pays the health care claims as well as the administrative costs, sales commissions and taxes.

If the actual health care claims are higher than expected, the insurance company covers them. But if the claims are lower than expected, the insurance company keeps the difference. This means your company doesn't get anything back if your employees have lower-than-expected claims.




## All Savers alternate funding plans are different.

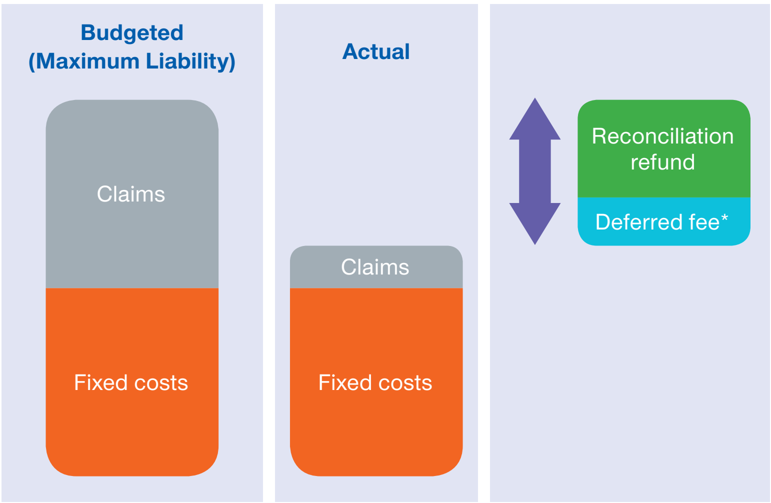
With All Savers Alternate Funding, if the covered health care claims are lower than expected, your plan shares the savings with money back at the end of the year (where allowed by state law). And if the covered claims are higher than expected, your stop-loss insurance policy covers them.

Here are a few additional benefits of an All Savers Alternate Funding self-funded plan:

- The plan is a "level-funded" plan, so your company will make the same monthly claims funding payment throughout the plan year. You won't have to pay any more for claims at the end of the plan year, even if you have high claims costs.
- Self-funded medical plans are not subject to most state insurance mandates or state insurance-premium taxes, which can mean lower costs throughout the year. (However, stop-loss coverage is still subject to premium tax.)

## Best case: Low claims

Your company's monthly payments include the estimated health care claims plus fixed-cost items (administrative fees and stop-loss insurance premium). This is called your plan's "maximum liability," which means you won't get stuck at the end of the year with any unexpected costs.




Part of your monthly payments will go into an account that pays for your covered employees' eligible claims. At the end of the year, the monthly claims funding payments will be compared with the actual claims costs. In the best-case scenario, if actual claims costs for the year are less than what was estimated, your plan has a surplus.

After plan reconciliation, two-thirds of any surplus is sent back to your plan to use for the following year, and one-third is kept as a deferred service fee (where allowed by state law).

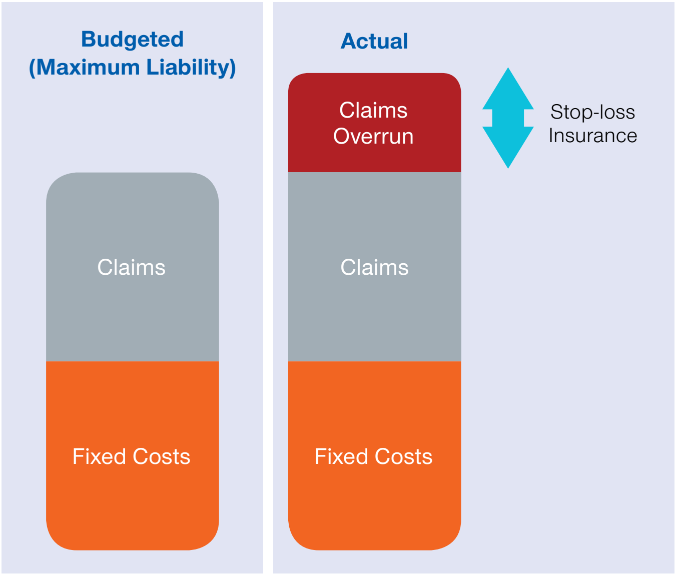
*Where allowed by state law

## Worst case: High claims

In the worst-case scenario, the actual claims would be higher than expected. But because your plan would have already paid the maximum liability, you won't pay more for covered claims at the end of the plan year.

Your plan is protected by the stop-loss insurance that is already built into your monthly payments.

Of course, each year could be somewhere in between. But in any case, many small businesses could save with an All Savers Alternative Funding plan.




Administrative services are provided by United HealthCare Services, Inc. and its affiliates. Stop loss insurance is underwritten by All Savers Insurance Company. 3100 AMS Blvd., Green Bay, WI 54313 (800) 291-2634

This product is not available in all states.

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